

Message Text

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PAGE 01 BELGRA 00752 010946Z
ACTION EUR-12

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FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC 4823
INFO USDOC WASHDC

UNCLAS BELGRADE 752

E. O. 11652: N/A
TAGS: BENC YO
SUBJ: MAJOR PROJECT: TEXTILE DYES PLANT

REF: A. 77 STATE 300994 B. 77 BELGRADE 7292

1. IN REPLY TO QUESTIONS POSED IN REFTEL A, INVESTOR ZVEZDA, GORNJI MILANOVAC, HAS INFORMED US THAT THEY HAVE BEEN CONTACTED BY RIEGEL TEXTILE CORPORATION, 260 MADISON AVENUE, NEW YORK, NY 10016, DAVID L. LANGSTON, VICE PRESIDENT, AND WERE OFFERED COOPERATION IN PRODUCTION OF TEXTILE DYES. RIEGEL HAS ANNOUNCED VISIT TO ZVEZDA FOR END OF JANUARY OR BEGINNING OF FEBRUARY.

2. INVESTOR CLAIMS NO FEDERAL OR REPUBLICAN APPROVAL NECESSARY FOR THIS PROJECT ALTHOUGH THEY HAVE CONSULTED WITH APPROPRIATE AUTHORITIES WHO SAID THAT THE PROGRAM WAS GOOD. REPUBLICAN SECRETARIAT OF ECONOMY OF SERBIA HAS RECOMMENDED THEY GET IN TOUCH WITH US FIRMS.

3. AS THE PROJECT RECEIVED GOOD MARKS, SEVERAL DOMESTIC BANKS HAVE AGREED TO PARTICIPATE IN ITS FINANCING.

4. TOTAL CAPACITY OF 6,000 TONS IS CONSIDERED AMPLE TO COVER DOMESTIC DEMAND PLUS 25 PERCENT SURPLUS FOR EXPORT.
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5. INVESTOR PLANS TO RESOLVE THE PROBLEM OF COUNTERTRADE BY ARRANGING JOINT MARKETING IN THIRD COUNTRIES (CONVERTIBLE AREAS) WITH HIS US SUPPLIER.

6. PROJECT SCHEDULE CALLS FOR COLLECTION OF ALL NECESSARY DATA DURING CURRENT YEAR, AS WELL AS SELECTION OF SUPPLIER AND

DEFINITION OF COOPERATION WITH THE FOREIGN FIRM (POSSIBILITIES INCLUDE JOINT VENTURE, LICENSE, TECHNOLOGY PURCHASE, ETC). INVESTOR ALSO HOPES TO START MAKING PROJECT STUDY AND DESIGN THIS YEAR. AT THE SAME TIME NEGOTIATIONS WITH THE DOMESTIC BANKS AND DOMESTIC INDUSTRY WILL BE GOING ON."THEY THINK IT REALISTIC TO START ACTUAL CONSTRUCTION BY MID 1979.

7. A FEASIBILITY STUDY IS COMPLETED BUT MORE DETAILS CAN BE GIVEN TO EACH INTERESTED SUPPLIER DURING ACTUAL TALKS.

8. TOTAL INITIAL CAPACITY IS PLANNED AT 6,000 TONS, PLUS NECESSARY QUANTITY OF INTERMEDIARIES. IN THE FIRST PHASE, ZVEZDA WOULD MAKE REACTIVE DYES FOR COTTON FIBRES AND DISPERSIVE DYES FOR SYNTHETIC FIBRES INCLUDING GIVEN NUMBER OF INTERMEDIARIES. LATER, GROUPS OF OTHER DYES WOULD BE INTRODUCED.

9. INVESTOR POINTS OUT THAT THEY HAVE HAD DISCUSSIONS ABOUT THIS PROGRAM WITH FIRMS FROM OTHER COUNTRIES AS WELL, BUT THAT THEIR PRIMARY ORIENTATION IS TOWARD US FIRMS, BECAUSE THIS IS VERY COMPLICATED AND SENSITIVE TECHNOLOGY, AND THEY THINK US FIRMS HAVE THE BEST. THEY ALSO BELIEVE US FIRMS WILL HAVE MOST INTEREST IN POSSIBLE JOINT VENTURE ARRANGEMENT.

10. ZVEZDA PROPOSES THAT USDOC GETS IN TOUCH WITH ALL WELL KNOWN US SUPPLIERS. THEY WILL THEN SEND TENDER, AS SOON AS UNCLASSIFIED

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PREPARED, TO ALL THOSE WHO QUALIFY DURING PRELIMINARY DISCUSSIONS.
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